TAX DIRECTIVE

As the world’s major producer of eucalyptus pulp, Fibria has operations in many countries and is a major customer of thousands of domestic suppliers in the purchase of goods and services each year. As a globally engaged company, Fibria helps in the economy development by supporting business investments, economic growth and job creation, generating added value transferred to governments around the world through the collection of taxes.

Based on its code of conduct’s principles, Fibria’s Tax Directive describes the main principles and guidelines for Fibria group companies’ taxation and seeks to attain the highest standards of integrity, transparency and reliability in all its business activities and relationships.

Beyond legal and regulatory requirements, Fibria’s tax strategy is aligned with its business and commercial strategy. Therefore, only tax planning opportunities connected with its economic activity and business purpose are evaluated. All decisions are made in response to the commercial and operational activity, and taxes are only one of the several factors taken into account for business investments and decisions.

This Tax Directive is complemented by Fibria’s Risk Management Rules, which includes definitions of various roles and responsibilities related to taxation. Fibria’s tax strategies are regularly reviewed and supervised by the Board of Directors/Statutory Audit Committee. Any changes to this tax directive have to be approved by the Chief Financial Officer.

The main principles of Fibria’s taxation directive are:

*Compliance with applicable law:*

As a main principle, Fibria’s business is grounded in the compliance with all pertinent laws, rules (internal and external), regulations and voluntary or mandatory commitments that have been undertaken. It is also a fundamental premise to ensure that its companies observe all applicable tax laws, rules and regulations in all jurisdictions where they conduct business activities.

Fibria follows international transfer pricing guidelines, as well as other international anti-avoidance provisions and local applicable tax legislation, paying all indirect and direct taxes related to its operation and investments, properly allocated to each subsidiary. The company is responsible for filling, reporting and disclosing the information required to comply with the local and international legal requirements and transparency objectives.

Lack of knowledge of a legal requirement or rule is not acceptable as a defense against the possible consequences of a conduct violation. It is the responsibility of every individual covered by this document to be aware of and ensure compliance with the prevailing legislation and regulations applicable to the professional activities he or she performs and to conduct him or herself according to the highest standards of integrity.

*Structuring of business operations and transactions and overall requirement of commercial rationale:*
Fibria’s business operations are justified by commercial rationales. The location of Fibria group entities are driven by operational business reasons such as the location of customers and logistic facilities to deliver the pulp with efficiency and lower costs.

The company operates in many different countries via its subsidiaries, which are taxed according to the provisions established in each jurisdiction. Income taxes are calculated and recorded considering the applicable statutory tax rates enacted at the date of the financial statements.

The Company and the subsidiaries located in Brazil are taxed based on their worldwide taxable income.

**Transparency of taxation:**

All information about the taxes paid by the Company are presented in our Financial Statements published every year (for more information please see [http://fibria.infoinvest.com.br/](http://fibria.infoinvest.com.br/))

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. The positions taken in tax returns related to situations in which the applicable tax regulations are subject to interpretation are periodically evaluated. The provisions are defined according to the amount of taxes expected to be paid to the tax authorities.

The transparency of tax issues is supported by appropriate and regular reporting on taxes.

**Relationship with tax authorities:**

Fibria is committed to present all relevant information to the tax authorities or to other similar bodies for the appropriate tax treatment of the transactions and in order to avoid any major tax related disputes later on. Advance rulings or similar assurances are applied to support tax assumptions made in significant transactions or in uncertain tax positions.

Providing information to all levels of government, including municipal, state and federal bodies, must always be done in writing, following the suitable protocol and with the guidance from the Legal Department or Corporate Relations, depending on the issue involved.

**Management of tax risks, both financial and non-financial:**

Fibria’s approach to tax risk management is defined by the Governance, Risks and Compliance Department which covers risk management activities, corporate governance, internal controls, internal audit, compliance and ombudsman areas, and aims to ensure that all personnel with tax responsibilities or whose activities may have a tax impact have a consistent understanding of how tax risks are identified, assessed, reported and managed.

The objective is to promote synergy between the areas, adding value to the business and strengthening the Company’s governance. The Governance, Risks and Compliance Department reports directly to the CEO and its activities are monitored by the Statutory Audit Committee, an advisory body to the CEO and the Chairman of the Board of Directors.

**Transfer Pricing and intercompany transactions:**
Fibria recognizes the importance of documenting the rationale of the transfer pricing method chosen for each transaction. The directive of Fibria is to follow the arm’s length principle according to Brazilian Transfer Pricing Rules and the OECD Guidelines. The arm’s length principle applies to all intercompany transactions, including sale / purchase of goods, provision of services, loans and advances and usage of tangible property and intangible rights.